

Multifield

Multifield International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

Interim Report **2013**



INTERIM RESULTS

The board of directors (the "Board") of Multifield International Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013, together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	For the six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
REVENUE	3	53,141	121,270
Cost of sales		<u>(17,393)</u>	<u>(18,986)</u>
Gross profit		35,748	102,284
Other income and gains	3	11,814	10,981
Gain on disposal of investment properties		2,307	–
Operating and administrative expenses		<u>(1,316)</u>	<u>(14,155)</u>
Finance costs	5	<u>(11,310)</u>	<u>(5,507)</u>
PROFIT BEFORE TAX	4	37,243	93,603
Income tax expense	6	<u>(8,763)</u>	<u>(7,225)</u>
PROFIT FOR THE PERIOD		<u>28,480</u>	<u>86,378</u>
OTHER COMPREHENSIVE (LOSS)/INCOME			
Available-for-sale investments:			
Changes in fair value		(2,934)	17,885
Reclassification adjustments for gains included in the consolidated statement of comprehensive income – gain on disposal		<u>(763)</u>	<u>–</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(3,697)</u>	<u>17,885</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>24,783</u>	<u>104,263</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		28,034	61,989
Non-controlling interests		<u>446</u>	<u>24,389</u>
		<u>28,480</u>	<u>86,378</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		25,436	73,604
Non-controlling interests		<u>(653)</u>	<u>30,659</u>
		<u>24,783</u>	<u>104,263</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u>0.67 cents</u>	<u>1.48 cents</u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		297,104	297,496
Investment properties		5,328,373	5,249,190
Prepaid land lease payments		421	425
Club debenture		670	670
Available-for-sale investments		3,789	3,789
Total non-current assets		<u>5,630,357</u>	<u>5,551,570</u>
CURRENT ASSETS			
Properties held for sale		281,851	281,851
Trade receivables	9	8,529	7,144
Prepayments, deposits and other receivables		1,048	984
Available-for-sale investments		256,294	266,263
Equity investments at fair value through profit or loss		600,510	211,120
Pledged deposits	10	5,203	77,536
Cash and cash equivalents	10	195,278	206,874
Total current assets		<u>1,348,713</u>	<u>1,051,772</u>
TOTAL ASSETS		<u>6,979,070</u>	<u>6,603,342</u>
CURRENT LIABILITIES			
Trade payables	11	626	605
Other payables and accruals		271,267	271,289
Deposits received		55,451	55,605
Interest-bearing bank and other borrowings		1,300,538	922,023
Tax payable		28,759	26,340
Total current liabilities		<u>1,656,641</u>	<u>1,275,862</u>
NET CURRENT LIABILITIES		<u>(307,928)</u>	<u>(224,090)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,322,429</u>	<u>5,327,480</u>
NON-CURRENT LIABILITIES			
Due to a director		2,792	2,454
Deferred tax liabilities		607,008	607,008
Total non-current liabilities		<u>609,800</u>	<u>609,462</u>
Net assets		<u>4,712,629</u>	<u>4,718,018</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	41,804	41,804
Reserves		3,594,521	3,569,085
Proposed final dividend	7	-	27,172
Non-controlling interests		<u>3,636,325</u>	<u>3,638,061</u>
		<u>1,076,304</u>	<u>1,079,957</u>
Total equity		<u>4,712,629</u>	<u>4,718,018</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company							Total equity HK\$'000 (Unaudited)	
	Issued capital HK\$'000 (Unaudited) (Note 12)	Share premium HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Available- for-sale investment revaluation reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Proposed final dividend HK\$'000 (Unaudited)		Non- controlling interests HK\$'000 (Unaudited)
At 1 January 2012	41,804	39,116	293,372	(15,508)	539,455	2,142,152	20,902	948,037	4,009,330
Profit for the period	-	-	-	-	-	61,989	-	24,389	86,378
Other comprehensive income for the period	-	-	-	11,615	-	-	-	6,270	17,885
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(2,400)	(2,400)
Final 2011 dividend declared	-	-	-	-	-	-	(20,902)	-	(20,902)
At 30 June 2012	41,804	39,116	293,372	(3,893)	539,455	2,204,141	-	976,296	4,090,291
At 1 January 2013	41,804	39,116	293,372	18,453	584,331	2,633,813	27,172	1,079,957	4,718,018
Profit for the period	-	-	-	-	-	28,034	-	446	28,480
Other comprehensive income for the period	-	-	-	(2,598)	-	-	-	(1,099)	(3,697)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(3,000)	(3,000)
Final 2012 dividend declared	-	-	-	-	-	-	(27,172)	-	(27,172)
At 30 June 2013	41,804	39,116	293,372	15,855	584,331	2,661,847	-	1,076,304	4,712,629

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	2012
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES		113,349	116,271
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(461,953)	(675)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		337,008	(91,917)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,596)	23,679
Cash and cash equivalents at beginning of the period		<u>206,874</u>	<u>154,430</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>195,278</u>	<u>178,109</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	195,278	159,973
Non-pledged deposits with original maturity of less than three months when acquired	10	<u>–</u>	<u>18,136</u>
		<u>195,278</u>	<u>178,109</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2012 except as noted below.

In the current period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2013.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements</i>
HKFRS 10	<i>Joint Arrangements</i>
HKFRS 11	<i>Disclosure of Interests in Other Entities</i>
HKFRS 12	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Fair Value Measurement</i>
HKFRS 13	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 1 Amendments	<i>Employee Benefits</i>
HKAS 19 (2011)	<i>Separate Financial Statements</i>
HKAS 27 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 28 (2011)	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
HK(IFRIC)-Int 20	Amendments to a number of HKFRSs issued in June 2012
<i>Annual Improvements 2009-2011 Cycle</i>	

The adoption of the new amendments had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not applied the following new or revised HKASs and HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

HKFRS 7 and HKFRS 9 Amendments	Amendments to HKFRS 7 and HKFRS 9 – <i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures</i> ²
HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ¹
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> ¹
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
HK(IFRIC)-Int 21	<i>Levies</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

2. OPERATING SEGMENT INFORMATION

The analyses of the principal activities of the operations of the Group are as follows:

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Corporate and others		Total	
	For the six months ended 30 June									
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:										
Sales to external customers	<u>94,966</u>	<u>91,302</u>	<u>12,242</u>	<u>10,657</u>	<u>(54,067)</u>	<u>19,311</u>	<u>-</u>	<u>-</u>	<u>53,141</u>	<u>121,270</u>
Segment results	<u>85,696</u>	<u>79,938</u>	<u>(3,804)</u>	<u>(9,414)</u>	<u>(43,963)</u>	<u>20,278</u>	<u>(1,190)</u>	<u>(2,673)</u>	<u>36,739</u>	<u>88,129</u>
<i>Reconciliation:</i>										
Interest income from loans and receivables									1,504	1,129
Other gains									10,310	9,852
Finance costs									<u>(11,310)</u>	<u>(5,507)</u>
Profit before tax									<u>37,243</u>	<u>93,603</u>

Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from sales to external customers	<u>(24,737)</u>	<u>42,402</u>	<u>77,878</u>	<u>78,868</u>	<u>53,141</u>	<u>121,270</u>

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Rental income from property letting	94,966	91,302
Serviced apartment and property management	12,242	10,657
Fair value (losses)/gains, net:		
Equity investments at fair value through profit or loss	(70,863)	5,552
Dividend income from listed investments	6,633	2,939
Interest income from available-for-sale investments	<u>10,163</u>	<u>10,820</u>
	<u>53,141</u>	<u>121,270</u>
Other income and gains		
Interest income from loans and receivables	1,504	1,129
Gain on disposal of items of property, plant and equipment	-	762
Others	<u>10,310</u>	<u>9,090</u>
	<u>11,814</u>	<u>10,981</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	982	1,561
Amortisation of prepaid land lease payments	4	5
Foreign exchange differences, net	<u>(11,655)</u>	<u>(1,288)</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	5,146	5,388
Pension scheme contributions (defined contribution scheme)	<u>103</u>	<u>100</u>
	<u>5,249</u>	<u>5,488</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	<u>11,310</u>	<u>5,507</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Charge for the period	8,763	7,225
Underprovision/(overprovision) in prior years	<u>—</u>	<u>—</u>
Total tax charge for the period	<u>8,763</u>	<u>7,225</u>

7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend paid – HK0.65 cents (2011: HK0.50 cents) per ordinary share	<u>27,172</u>	<u>20,902</u>

(b) Dividend declared after the end of the reporting period:

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared – HK0.50 cents (2012: HK0.40 cents) per ordinary share	<u>20,902</u>	<u>16,721</u>

The above interim dividends were declared after the interim reporting dates and have not been recognised as liabilities at the end of the respective reporting periods.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$28,034,000 (2012: HK\$61,989,000) and the weighted average number of ordinary shares of 4,180,371,092 (2012: 4,180,371,092) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the periods ended 30 June 2013 and 2012 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those periods.

9. TRADE RECEIVABLES

For the Group's property rental business, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An aged analysis of trade receivables at the end of the reporting period, based on invoice dates and net of provisions, is as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within 1 month	2,545	1,445
1 to 2 months	400	252
2 to 3 months	65	333
Over 3 months	<u>5,519</u>	<u>5,114</u>
	<u>8,529</u>	<u>7,144</u>

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2012 <i>HK\$'000</i> <i>(Audited)</i>
Cash and bank balances	200,481	157,611
Time deposits	—	126,799
	<u>200,481</u>	<u>284,410</u>
Less: Pledged deposits	<u>(5,203)</u>	<u>(77,536)</u>
Cash and cash equivalents	<u><u>195,278</u></u>	<u><u>206,874</u></u>

The deposits of approximately HK\$5,203,000 (as at 31 December 2012: HK\$77,536,000) were pledged as security for banking facilities granted.

At the end of the reporting period, the cash and bank balances and pledged deposits of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$111,365,000 (as at 31 December 2012: HK\$120,363,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

11. TRADE PAYABLES

An aged analysis of trade payables at the end of the reporting period, based on invoice dates, is as follows:

	As at 30 June 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2012 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	584	227
1 to 2 months	—	56
2 to 3 months	—	40
Over 3 months	<u>42</u>	<u>282</u>
	<u><u>626</u></u>	<u><u>605</u></u>

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

12. SHARE CAPITAL

Shares

	Number of shares		Value	
	As at 30 June 2013	As at 31 December 2012	As at 30 June 2013 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2012 <i>HK\$'000</i> <i>(Audited)</i>
Authorised:				
Ordinary shares of HK\$0.01 each	<u>50,000,000,000</u>	<u>50,000,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>4,180,371,092</u>	<u>4,180,371,092</u>	<u>41,804</u>	<u>41,804</u>

13. SHARE OPTION SCHEME

At the annual general meeting of the Company held on 30 May 2013, its shareholders approved the termination of the share option scheme commenced on 27 June 2003 (the "2003 Scheme") and the adoption of a new share option scheme (the "Scheme"). The purpose of the Scheme, among others, is to recognize and motivate the contribution of eligible participants to the Group and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company. Eligible participants of the Scheme include any (full-time or part-time) employee, including, without limitation, any executive and non-executive director or proposed executive and non-executive director of the Group, and any adviser, consultant, agent, contractor, client, customer or supplier of any member of the Group. The Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from 30 May 2013.

The total number of securities available for issue under the Scheme is 418,037,109 which is equivalent to 10% of the issued share capital of the Company at the date of adoption of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's share at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting, where all connected persons of the Company must abstain from voting in favour at such general meeting.

The offer of a grant of share options may be accepted within 5 business days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the board of directors, but may not be less than the higher of (i) the nominal value of the shares; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options have been granted, exercised, lapsed or cancelled since the establishment of the Scheme. No share options have been granted since the establishment of the 2003 Scheme.

14. CORPORATE GUARANTEES

At 30 June 2013, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK\$801,426,000 (as at 31 December 2012: HK\$801,426,000), of which approximately HK\$638,819,000 (as at 31 December 2012: 512,614,000) was utilised. In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

15. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and properties held for sale under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of these leases generally require the tenants to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within one year	109,990	139,640
In the second to fifth years, inclusive	44,722	60,232
	<u>154,712</u>	<u>199,872</u>

(b) As lessee

The Group leases its office premise under operating lease arrangements. Lease for such property is negotiated for term of three years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within one year	263	263
In the second to fifth years, inclusive	373	504
	<u>636</u>	<u>767</u>

16. RELATED PARTY TRANSACTIONS

Other than those transactions and balances disclosed elsewhere in the financial statements, the Group does not enter into any other transactions with related parties.

17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 October 2013 to 11 October 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 8 October 2013. The interim dividend will be paid to shareholders whose names appear on the register of members on 11 October 2013 and the payment date will be on or about 31 October 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

As uncertainty remains in both global and local economy, the first half of 2013 was on the whole a challenging year for the Group. During the period under review, the Group recorded a net profit of about HK\$28 million (2012: HK\$86 million).

PROPERTY INVESTMENT

Hong Kong

Investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, shopping centres with some retail shops. Favored from the government's recent BSD and SSD policies which increases the demand of rental units, the investment property portfolio contributed stable rental revenue of approximately HK\$29 million.

Shanghai, PRC

The Group's properties portfolio in Shanghai, PRC is divided in three residential complexes and comprises of around 182 blocks of garden and pool houses and 132 hotel-serviced apartment units respectively. Our properties are operated under the name of "Windsor Renaissance" which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai. They are well accepted by consulates and foreign business entities and their average occupancy rate generally stands above 90%.

Zhuhai, PRC

The Group holds two land banks in Zhuhai, PRC.

The land of about 36,808 square meters is located at Qianshan commercial business district and is for shopping mall and retail stores usage. Due to difficulties in demolish and relocation work in the Mainland, there are existing around 12 households under demolish and relocation. The local government had agreed the Group to speed up the demolishing and relocation work, meanwhile the Group is actively cooperating and assisting the government's demolishing and relocation work.

For the land of about 94,111 square meters in Doumen commercial business district, the Group had submitted to local planning department the application on year 2011, however until now no approval was granted from local government as they requested the Group to revise design plan for several times to suit the local environmental plan and future traffic plan. Until now, planning permit was still not yet granted to the Group.

After several meetings between the Group and the local government in 2013, the local government verbally replied that the delay in approval of the planning permit was due to changes in town plan, future transportation and for public interest. They also verbally confirmed that a written reply will be provided to the Group before end of July 2013, however such written reply was not yet provided to the Group as at the 2013 interim results announcement date.



TRADING AND INVESTMENTS

Due to fluctuations in capital and bond markets, equity investments held by the Group has recorded fair value losses of approximately HK\$71 million (2012: gain of HK\$6 million) when they are marked to market valuation as at 30 June 2013, while available-for-sale investments held by the Group has recorded fair value losses of approximately HK\$4 million (2012: gain of HK\$18 million) when they are marked to market valuation as at 30 June 2013. As at 30 June 2013, the Group held around HK\$601 million of equity investments and around HK\$256 million of available-for-sale investments.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and debt investments of approximately HK\$857 million (as at 31 December 2012: HK\$477 million) as at 30 June 2013. The Group's cash and cash equivalents as at 30 June 2013 amounted to approximately HK\$195 million (as at 31 December 2012: HK\$207 million).

As at 30 June 2013, the Group had total bank and other borrowings amounting to approximately HK\$1,301 million (as at 31 December 2012: HK\$922 million) which were secured by legal charges on certain investment properties in Hong Kong and Shanghai, and certain equity investments and available-for-sale investments. With the total bank and other borrowings of HK\$1,301 million (as at 31 December 2012: HK\$922 million) and the aggregate of the shareholder funds, non-controlling interest and total bank borrowings of approximately HK\$6,013 million (as at 31 December 2012: HK\$5,640 million), the Group's gearing ratio as at 30 June 2013 was around 22% (as at 31 December 2012: 16%).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group had approximately 255 employees, of whom 200 were based in the Mainland and 55 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance, experience and the prevailing market condition. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies in order to retain competent employees.

PROSPECT

Although there are market consensus that rollback of quantitative easing measures of the US Federal Reserve is expected to launch in 2013, the exact timing is still uncertain. This may show a sign that the worldwide economy is on the road of recovery, however, potential increase in interest rate will exert pressure on price of equity investments and available-for-sale investments.

China's economic growth has slowed down in 2013, with GDP growth by 7.6% in first half of 2013, down from 7.7% in 2012. Domestic consumptions and investments will be the major contributors to China's economic growth, with the Chinese government targeted a full-year GDP growth rate of 7.5% in 2013. Despite of slower economic growth than before, China remains as one of the world economies with fast growth, hence inflationary pressure on utilities and salaries expenses remain a key challenge to the Group.

Hong Kong government has strengthen the control on property market at early of 2013, leading to suppress on property trading market. Property price and trading volume in Hong Kong decreases as compared to 2012. It is likely that these control measures will not be withdrawn in the near term. The Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthen the rental business and seize further investment opportunities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2013, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	2,797,055,712*	66.91

Long position in ordinary shares of associated corporation – Oriental Explorer Holdings Limited, a subsidiary of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	1,101,826,999*	61.21

* *The above shares are ultimately controlled by Power Resources Holdings Limited which acts as the trustee under the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.*

The interests of the directors in the share option scheme of the Company are disclosed in note 13 to the unaudited condensed consolidated financial statements.

Other than certain nominee shares in subsidiaries held by a director in trust for the companies in the Group, no director held an interest in the share capital of the subsidiaries of the Company during the six months ended 30 June 2013.

Save as disclosed above, as at 30 June 2013, none of the directors or the chief executive of the Company had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO), or which as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporation" above and in the share option scheme of the Company are disclosed in note 13 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as was known to the directors of the Company, as at 30 June 2013, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Name of Shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Power Resources Holdings Limited	Interest of controlled corporation	2,797,055,712*	66.91
Lucky Speculator Limited	Directly beneficially owned	2,195,424,000*	52.52
Desert Prince Limited	Directly beneficially owned	601,631,712*	14.39

* *Power Resources Holdings Limited was deemed to have a beneficial interest in 2,797,055,712 ordinary shares of the Company by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held shares in the Company.*

Save as disclosed above, as at 30 June 2013, so far as was known to the directors of the Company, no person, other than the directors of the Company, whose interests are set out in the sections "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporation" and "Directors' rights to acquire shares or debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities of the Company during the six months ended 30 June 2013.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2013.

CORPORATE GOVERNANCE CODE

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subject to re-election; and (ii) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Under code provision of E.1.2, the chairman of the board should attend the annual general meeting.

Mr. Lau Chi Yung, Kenneth, the chairman of the Board, attended the annual general meeting of the Company by phone conference, which was held on 30 May 2013 (the “2013 AGM”) as he had a business engagement. Mr. Tsui Ka Wah, the chairman of the remuneration committee of the Company, was elected the chairman of the 2013 AGM to ensure effective communication with shareholders of the Company at the meeting. The chairman of the audit committee of the Company, Mr. Wong Yim Sum, had also attended the 2013 AGM.

In the opinion of the directors of the Company, save as disclosed above, the Company has applied the principles and complied with code provisions of the CG Code throughout the six months ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all directors of the Company, all directors of the Company confirmed that they have complied with the required standard as set out in the Model Code for the six months ended 30 June 2013.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for 2013 containing all the information required by the Listing Rules has been published on the websites of the Company (www.irasia.com/listco/hk/multifield/index.htm) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

BOARD OF DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company are Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum, Mr. Lo Yick Wing and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 28 August 2013